GLOSSARY OF TERMS

<u>Agency</u> - In FISCOL, this is the term for the highest organizational level, in most cases a city department or independent board.

<u>Contractual Services</u> - The summary expense category which displays expenses such as contracts for service, quasi-contractual arrangement such as utilities, or services billed by another unit of government.

<u>Cost Center/Level 2</u> - The lowest level of organizational unit for purposes of budget presentation. Cost Centers are usually provided where organizational units below the department level are needed for a clear breakdown of budget information. Cost Centers are also referred to as Level 2 in some documents. This is the organizational level of Cost Centers in FISCOL.

<u>Fiscal Disparities</u> - Fiscal Disparities is a law by which commercial-industrial tax base growth is shared annually among metropolitan taxing jurisdictions according to a statutory formula.

<u>FISCOL</u> - Acronym for Financial Information System City of Lakes, the automated finance system used to prepare most of the financial information in this document. This system is also used for all other accounting transactions within the City.

<u>FTE (Full Time Equivalent)</u> - A unit of measurement to account for the number of positions authorized to departments. One FTE is equivalent to one employee working 2080 hours in 2000.

<u>Fund</u> - A major accounting vehicle used by the city to account for revenues, expenditures, assets, and liabilities of major sectors of city activities as established by legal requirements.

<u>Fund Summary</u> - A budgetary document that summarizes on an annual basis the activities of a city fund. It compares revenues with expenditures on an annual basis. This budget fund summary may not be the same as the audited financial statement since the fund summary includes only resources which are available to pay expenses of the fund (i.e. excludes inventory and depreciation) during the current year.

<u>HACA</u> - The Homestead and Agricultural Credit Aid is a form of state aid to local governments to compensate for tax revenue that is lost because of lower tax rates for homesteaded residential property (versus non-homesteaded).

<u>Market Value</u> - The estimated amount as determined by the City Assessor that a willing seller and a willing buyer would agree upon for a piece of property.

<u>Mayor's Recommendation</u> - The recommended annual budget by the Mayor as required by the City Charter.

<u>Net Tax Levy</u> - This is the total tax levy less HACA (but including fiscal disparities). The net tax levy is now the certified tax levy as required by a change in state law.

<u>Operating Tax Funds</u> - Those funds at least partially financed by property taxes which support the normal functions of city government. They include the General fund, Board of Estimate and Taxation fund, Municipal Building Commission fund, Library fund, and the Park Tax funds.

<u>Original/Current Appropriation</u> - The amount of money allocated by the respective governing body for the budgeted year. The original appropriation is the amount approved at the time the budget was initially adopted. The current appropriation is the original budget as amended to reflect any approved changes.

<u>Tax Capacity</u> - That amount of estimated market value subject to taxes after the total estimated value is multiplied by a "tax classification rate".

<u>Tax Capacity Rate</u> - After calculating the dollars to be levied, each taxing jurisdiction uses the total tax capacity to calculate their "tax capacity rate". This rate is essentially the percentage of tax capacity to be paid in taxes.

<u>Tax Classification Rate</u> - The percentage set by state statute that is applied to the market value of each property classification to arrive at tax capacity. (This replaced assessment ratios.)

<u>Total Expenses</u> - The total costs of a cost center including debt service and capital improvements.

<u>Truth In Taxation Law</u> - In 1988, the Minnesota Legislature passed a law designed to make local governments more accountable for property tax increases. The law requires that local governments inform taxpayers of proposed tax levy amounts and adopt budgets at public hearings.